

Message Text

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NODIS

FOR AMBASSADOR YOUNG

FOL RPT LONDON 12610 SENT ACTION SECSTATE DTD 01 AUG 77

QUOTE: S E C R E T LONDON 12610

NODIS

E.O. 11652: XGDS-1

TAGS: PINT, AF, UK

SUBJECT: CONVERSATION WITH PRIME MINISTER

1. A COURTESY CALL ON PRIME MINISTER CALLAGHAN JULY 28
TURNED INTO A FORTY-FIVE MINUTE DISCUSSION OF A VARIETY
OF ISSUES. SOME MATTERS RAISED I WOULD LIKE TO FOLLOW-
UP WHEN I AM IN WASHINGTON FOR CON-
SULTATION IN MID-AUGUST. SOME MATTERS I HOPE TO TAKE
UP WITH THE SECRETARY DURING HIS LONDON STOPOVER
AUGUST 11-12.

2. THE PRIME MINISTER'S GENERAL MOOD WAS CHEERFUL AND
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OPTIMISTIC,
CLEARLY REFLECTING HIS RELIEF AT THE END OF PARLIAMENTARY
SESSION WITHOUT BEING FORCED INTO ELECTIONS. HE ALSO
SEEMED GENUINELY CONFIDENT THAT THERE WILL BE NO WAGE
EXPLOSION. ON THE BASIS OF HIS CONVERSATIONS AT THE
MINERS' GALA AT DURHAM WEEK BEFORE LAST WITH LAWRENCE
DALEY, GENERAL SECRETARY OF THE NATIONAL UNION OF MINE

WORKERS, A KEY UNION, CALLAGHAN SAYS THE MINERS KNOW THEY CANNOT GET THE ACROSS-THE-BOARD RAISE TO 135 POUNDS PER WEEK THEY ARE ASKING FOR. THEY DO NOT WANT TO BE NATIONAL VILLIANS AGAIN AND THE PRIME MINISTER THINKS THEY WILL BE WILLING TO DIFFERENTIATE BETWEEN FACE WORKERS AND OTHERS AND WILL ACCEPT SOME DIFFERENTIALS BASED ON PRODUCTIVITY. HE WAS MORE AMUSED THAN IRRITATED BY THE ADVERSE PRESS COMMENTS ON HIS DURHAM GALA SPEECH, SAYING THOSE REPORTERS NEVER GOT ANY FURTHER FROM LONDON THAN WEMBLEY. MOREOVER, HE IS PROUD TO HAVE COME THROUGH THE PARLIAMENTARY SESSION AS A MAN WHO IS TRUSTED EVEN BY THOSE WHO DISAGREE WITH HIM, FOR HE SENSES THE LONG RUN DANGERS OF THE INCREASED IDEOLOGICAL POLARIZATION OF THE FAR LEFT AND NOT-SO-FAR RIGHT. HE IS BASICALLY OPTIMISTIC ABOUT THE FUTURE OF THE COUNTRY AND THE PARTY IF THEY CAN GET THROUGH THE YEAR WITHOUT AN UPSURGE OF INFLATION.

3. HE IS TERRIBLY BOTHERED, THOUGH, BY THE FAILURE OF THE LONDON SUMMIT NATIONS TO ACHIEVE ANYTHING LIKE THE RATES OF GROWTH THEY SET FOR THEMSELVES AT THE MEETING LAST MAY. HE SEES PROTECTIONIST PRESSURES RISING IN EVERY COUNTRY IN THE ALLIANCE. MOST LEADERS WILL RESIST THESE PRESSURES IF THEY CAN; BUT WITHOUT GROWTH AND HIGHER LEVELS OF EMPLOYMENT THEY WILL HAVE A ROUGH TIME, HE SAYS. GISCARD, HE FEARS, WILL NOT EVEN TRY TO
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RESIST, AND HE OBVIOUSLY IS IRRITATED BY GISCARD'S RECENT GENERAL BEHAVIOUR. MOST SERIOUS, HE SEES FAILURE OF GROWTH PROVOKING ALL KINDS OF CHAUVINISM WHICH WILL EVENTUALLY THREATEN THE ATLANTIC ALLIANCE AS WELL AS THE NINE. HE HAS NO ANSWER, BUT WONDERS WHETHER ANOTHER SUMMIT ON THE DOWNING STREET PATTERN WON'T BE CALLED FOR IF THERE IS NOT A BETTER GROWTH PROSPECT BY THE END OF THE YEAR. CALLAGHAN WORRIES ABOUT RENASCENT GERMAN CHAUVINISM IF EUROPE DOESN'T HOLD TOGETHER AND HE FEELS SCHMIDT SHARES THIS WORRY. HE CONFIRMS, HOWEVER, THAT THE PRESIDENT DID A GREAT JOB WITH SCHMIDT. BUT HE IS ALARMED BY THE CASUAL VIEW OF THE DOLLAR'S DECLINE THAT WAS VOICED IN WASHINGTON LAST WEEK.

4. ON SPECIFIC MATTERS OF JOINT US-UK CONCERN:

A. RHODESIA.

-- HE HAD A GOOD TALK WITH NKOMO; OBVIOUSLY HE FEELS EASY WITH HIM SINCE HE HAS KNOWN HIM FOR TWENTY YEARS. CALLAGHAN, MOREOVER, FEELS NKOMO UNDERSTANDS ZIMBABWE'S NEED TO RETAIN THE SKILLS AND ENERGIES OF AS MANY

RHODESIAN WHITES AS POSSIBLE FOR SAKE OF ORDER, GOVERNMENT AND THE ECONOMY. NKOMO TURNS DOWN COLD,CALLAGHAN SAYS, ANY NOTION OF MAKING COMMON CAUSE WITH MUZOREWA. NKOMO DOESN'T TRUST HIM AND THINKS HIS FOLLOWING IS EXAGGERATED. IN GENERAL, NKOMO IS RIDING HIGH BUT CALLAGHAN SAYS HE IS NOT REALLY A FIGHTER AND PREDICTS NKOMO WILL COOPERATE IF SMITH IS OUT OF THE WAY. THE PRIME MINISTER SENSES, HOWEVER, THAT NKOMO IS SUSPICIOUS OF THE UNITED STATES AND CALLAGHAN URGES THAT WE TAKE A BACK-SEAT IN ANY ROLE IN AN ADMINISTRATION OF TRANSITION, NOT THAT THE UK WOULD FAIL TO CONSULT AT ALL STAGES, BUT THE APPEARANCE OF AN OFFICIAL US ROLE WOULD TURN-OFF NKOMO.

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-- AS FAR AS PERSUASION AND PRESSURE ON SOUTH AFRICA ARE CONCERNED, THE PRIME MINISTER WONDERS WHETHER THE US WOULDN'T BE MORE EFFECTIVE THAN THE UK. THIS JUDGMENT SEEMS TO REST SOLELY ON HIS GENERAL REGARD FOR THE SUPERIOR CLOUD OF THE US. AT SAME TIME, CALLAGHAN ADMITS THAT US AND UK INTERESTS VIS-A-VIS SOUTH AFRICA MAY EVENTUALLY DIVERGE SOLELY BECAUSE OF THE GREATER ECONOMIC STAKES OF THE UK IN CONTINUING ECONOMIC RELATIONS WITH SOUTH AFRICA.

-- THE PRIME MINISTER VOICED SEVERAL TIMES GREAT ADMIRATION AND APPRECIATION FOR THE PRESIDENT'S DECISIVENESS AND LEADERSHIP IN THE COURSE OF THE DISCUSSION WITH OWEN A WEEK-END AGO. HE ADMIRES THE AMERICAN CHARACTERISTIC OF TRYING TO SOLVE PROBLEMS, NOT JUST LIVE PASSIVELY WITH THEM. ALSO, HE SEEMED UNFLINCHING IN HIS SUPPORT OF OWEN AND SHOWED NO DESIRE TO TRY TO SECOND-GUESS THE OWEN-VANCE SCENARIO. HIS ONLY CAUTION WAS THAT THE TIMETABLE MAY BE TOO SLOW IF NYERERE IS TOLD SO MUCH DETAIL THAT THE CONCRETE PROPOSAL LEAKS BEFORE THE OWEN-VANCE MEETING ON AUGUST 12.

B. CONCORDE. CALLAGHAN WANTS TO BE SURE WE HAVE NOT FORGOTTEN BRITAIN'S INTEREST JUST BECAUSE THE FRENCH MAKE MORE NOISE. HE TAKES AT FACE VALUE THE REPEATED STATEMENTS THAT THE ADMINISTRATION WILL DO ALL IT CAN WITHIN THE LIMITS OF AMERICAN LAW. HE EXPECTS NO MORE, BUT ALSO NO LESS.

C. MIDDLE EAST. THE PRIME MINISTER ASKED WHETHER HE SHOULD AGREE TO SEE BEGIN IN OCTOBER. AFTER THE SECRETARY'S ARAB-ISRAEL TRIP I BELIEVE WE SHOULD RESPOND TO HIS QUERY.

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D. US-SOVIET RELATIONS. CALLAGHAN WANTS ADVICE ABOUT WHAT HE AND SCHMIDT MIGHT DO TO CONVINCE BRESHNEV THAT THE PRESIDENT TRULY DESIRES PROGRESS IN NEGOTIATIONS. HE SEES HIMSELF AND SCHMIDT IN THE SPECIAL ROLE OF INTERPRETERS OF THE PRESIDENT TO THE RUSSIANS. I WOULD LIKE TO BE IN A POSITION TO PROVIDE OUR VIEWS TO CALLAGHAN IN TIME FOR HIS SEPTEMBER 9 MEETING WITH SCHMIDT.

5. ALL-IN-ALL, I FOUND OUR DISCUSSION A VERY SATISFACTORY INTRODUCTORY ROUND. BASED ON FURTHER GUIDANCE, AND IN LIGHT OF THE SECRETARY'S DISCUSSIONS HERE AND MY CONSULTATIONS IN WASHINGTON AROUND MID-AUGUST, I WOULD LIKE TO FOLLOW-UP WITH ANOTHER MEETING IN EARLY SEPTEMBER.

BREWSTER UNQUOTE CHRISTOPHER

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